# VATEP Lessons Learned
## *Breakout Session # D01*

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December 5, 2017
11:15PM – 12:30PM

# Agenda

- The What, Why, and How of VATEP

- Process and Results of Enhanced Combat Helmet (ECH) purchase by Marine Corps Systems Command

- Lessons Learned

- Questions

# VATEP Defined

- Value Adjusted Total Evaluated Price
- "[A] tradeoff source selection process where the offeror's total proposed price may be adjusted based on the 'value' placed on better performance as identified in the solicitation."
  - Defense Procurement and Acquisition Policy (DPAP), Source Selection Procedures dated 31 March 2016

# Why VATEP?

- Innovative solutions

- Higher performance or capability

- Provides the potential offerors more information up front
  - Assigning a value to technical criteria
  - Additional cost of offering better performance will put them in a better position in the source selection
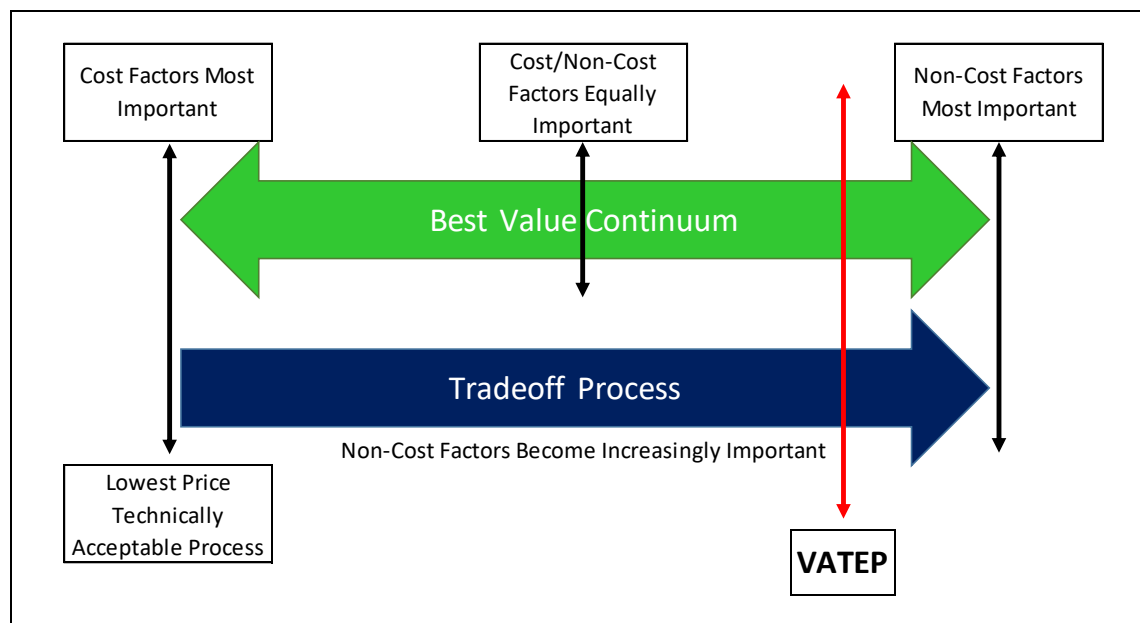
# Best Value Continuum

- "Describes how the importance of the cost or price evaluation factor may vary in relation to factors other than cost or price in a competitive environment."
  - DAU Acquisition Encyclopedia



| Cost Factors Most Important | Cost/Non-Cost Factors Equally Important | Non-Cost Factors Most Important |

**Best Value Continuum**

**Tradeoff Process**

Non-Cost Factors Become Increasingly Important

Lowest Price Technically Acceptable Process

**VATEP**

# How VATEP Works

- Assign monetized credits to technical factor(s)
  - Credits are the VALUE of performance to the Government
  - Value is different than cost or price
  - Different breakpoints for better performance
  - Value and number of credits will vary depending on need
- Reduce most probable cost by credits earned
  - FOR EVALUATION PURPOSES ONLY
- Make award based on adjusted price
- Contract price not affected by adjustment

# VATEP Example

- Handheld Global Positioning Systems (HGPS)

- Technical Factor: Battery Life
  - Threshold (minimum): 16 hours
  - Objective: Greater than 18 hours

| HGPS | Battery Life (hours) | Monetized Value |
|---|---|---|
| Threshold | $16.0 < x \leq 16.5$ | $0 |
| Increment 1 | $16.5 < x \leq 17.0$ | $20 |
| Increment 2 | $17.0 < x \leq 17.5$ | $40 |
| Increment 3 | $17.5 < x \leq 18.0$ | $60 |
| Objective | $x > 18.0$ | $80 |

- Affordability Cap (budget): $450

# Pre Solicitation

- Engage with Program Office early

- Conduct thorough Market Research

- Engage with Industry
  - Draft solicitation
  - Industry Day

# Go/No Go Criteria

- Facility Clearance
- National Institute of Justice Testing
- Source Selection Samples (Finished Helmets)
- Source Selection Samples Meet Threshold Weight

# Evaluation Factors

- Factor 1: Technical Capability
  - Subfactor 1: Ballistic and Non-Ballistic Protection
  - Subfactor 2: Design & Workmanship
  - Subfactor 3: Manufacturing
  - Subfactor 4: Government Purpose Rights for Night Vision Device Bracket Hardware Design (if offered)
- Factor 2: Past Performance
- Factor 3: Small Business Participation
  - Small Business Participation Plan
  - Small Business Subcontracting Plan
- Factor 4: Price

# Section L

Offerors shall submit 94 finished helmets (Source Selection Samples)

- 22 Smalls/24 Mediums/24 Larges/22 X-Larges

Offerors shall propose a **claimed weight** for each size finished helmets

Claimed weight:

- Will be verified by the Government
- Shall meet the threshold weight requirement
- Should be shown on the Total Evaluated Price (TEP) Adjustment Table
- Should achieve the same percentage of reduction for each size

# TEP Adjustment Table

| Size | TEP Adjustment | Small Weight (lbs) | Medium Weight (lbs) | Large Weight (lbs) | X-Large Weight (lbs) |
|---|---|---|---|---|---|
| Unacceptable | N/A | >2.94 | >3.06 | >3.31 | >3.88 |
| Max Acceptable | $0 | 2.94 | 3.06 | 3.31 | 3.88 |
| 1% Reduction | $5 | 2.91 | 3.03 | 3.28 | 3.84 |
| 2% Reduction | $10 | 2.88 | 3.00 | 3.24 | 3.80 |
| 3% Reduction | $15 | 2.85 | 2.97 | 3.21 | 3.76 |
| 4% Reduction | $20 | 2.82 | 2.94 | 3.18 | 3.72 |
| 5% Reduction | $25 | 2.79 | 2.91 | 3.14 | 3.69 |
| 6% Reduction | $30 | 2.76 | 2.88 | 3.11 | 3.65 |
| 7% Reduction | $35 | 2.73 | 2.85 | 3.08 | 3.61 |
| 8% Reduction | $40 | 2.70 | 2.82 | 3.05 | 3.57 |

# Section M

Factor 4: Price

    Total Proposed Price (TPP)

    Total Evaluated Price (TEP)

# Step 1: Offeror Submits a claimed weight for each helmet size.

Offerors shall propose a claimed weight in the written proposal, which shall include the Retention System's and Suspension System's weight for each size finished helmet (L.3.2.1.4).

## Offeror's Proposed Claimed Weights

| Size | Small | Medium | Large | X-Large |
|------|-------|--------|-------|---------|
| Weight | 2.77 lbs | 2.88 lbs | 3.11 lbs | 3.61 lbs |

**Step 2: Government verifies the claimed weights are shown on the Total Evaluated Price (TEP) Adjustment table.**

The claimed weight <u>should</u> be shown on the TEP Adjustment Table (L.3.2.1.4).

To calculate the TEP, the Government will first will verify whether the Offeror's claimed weights from the requirement under paragraph L.3.2.1.4 are within the TEP Adjustment Table's parameters (Section M, Table 7). In the even an Offeror proposes a claimed weight that is within the TEP Adjustment Table's parameters but not one of the specified weights on the table, the government will adjust the claimed weight to the closest weight shown in the TEP Adjustment Table. For X-Large helmets, if the claimed weight is exactly in between two weights shown on the TEP Adjustment Table, the Government will adjust the claimed weight down to the next weight shown on the TEP Adjustment Table. (M.3.4.2).

In the example, the offeror proposed a weight of 2.77 lbs for a size small helmet. Because 2.77 lbs is not shown in the TEP Adjustment Table, the government will adjust the claimed weight to the closest weight shown in the TEP Adjustment Table, which in this case is 2.76 lbs.

M67854-16-R-1122, Section M, Table 7: TEP Adjustment Table

| Size | TEP Adjustment | Small Weight (lbs) | Medium Weight (lbs) | Large Weight (lbs) | X-Large Weight (lbs) |
|---|---|---|---|---|---|
| **Unacceptable** | N/A | >2.94 | >3.06 | >3.31 | >3.88 |
| **Max Acceptable** | $0 | 2.94 | 3.06 | 3.31 | 3.88 |
| **1% Reduction** | $5 | 2.91 | 3.03 | 3.28 | 3.84 |
| **2% Reduction** | $10 | 2.88 | 3.00 | 3.24 | 3.80 |
| **3% Reduction** | $15 | 2.85 | 2.97 | 3.21 | 3.76 |
| **4% Reduction** | $20 | 2.82 | 2.94 | 3.18 | 3.72 |
| **5% Reduction** | $25 | 2.79 | 2.91 | 3.14 | 3.69 |
| **6% Reduction** | $30 | 2.76 | 2.88 | 3.11 | 3.65 |
| **7% Reduction** | $35 | 2.73 | 2.85 | 3.08 | 3.61 |
| **8% Reduction** | $40 | 2.70 | 2.82 | 3.05 | 3.57 |

M67854-16-R-1122, Section M, Table 7: TEP Adjustment Table

| Size | Small | Medium | Large | X-Large |
|---|---|---|---|---|
| Weight | 2.76 lbs | 2.88 lbs | 3.11 lbs | 3.61 lbs |

**Step 3: Government verifies that the claimed weights achieve the same percentage of reduction for each size.**

The claimed weight <u>should</u> achieve the same percentage of reduction for each size (L.3.2.1.4).

In the event that the Offeror's claimed weight reduction for one helmet size is less than any of the other helmet sizes, the government will adjust the Offeror's claimed weight reduction to the helmet size with the lowest percentage reduction. (M.3.4.2)

Offeror's Adjusted Claimed Weights I

| Size | Small | Medium | Large | X-Large |
|---|---|---|---|---|
| Weight | 2.76 lbs | 2.88 lbs | 3.11 lbs | 3.61 lbs |
| Reduction | 6% | 6% | 6% | 7% |

In the example, the Offeror has different percentage weight reductions for different helmet sizes. The offeror has a 6% weight reduction for Smalls, 6% weight reduction for Mediums, 6% weight reduction for Larges and a 7% weight reduction for X-Larges. The Government will adjust the offerors claimed weight reduction to the helmet size with the lowest percentage reduction, which in this case is 6%.

| Size | TEP Adjustment | Small Weight (lbs) | Medium Weight (lbs) | Large Weight (lbs) | X-Large Weight (lbs) |
|---|---|---|---|---|---|
| **Unacceptable** | N/A | >2.94 | >3.06 | >3.31 | >3.88 |
| **Max Acceptable** | $0 | 2.94 | 3.06 | 3.31 | 3.88 |
| **1% Reduction** | $5 | 2.91 | 3.03 | 3.28 | 3.84 |
| **2% Reduction** | $10 | 2.88 | 3.00 | 3.24 | 3.80 |
| **3% Reduction** | $15 | 2.85 | 2.97 | 3.21 | 3.76 |
| **4% Reduction** | $20 | 2.82 | 2.94 | 3.18 | 3.72 |
| **5% Reduction** | $25 | 2.79 | 2.91 | 3.14 | 3.69 |
| **6% Reduction** | $30 | 2.76 | 2.88 | 3.11 | 3.65 |
| **7% Reduction** | $35 | 2.73 | 2.85 | 3.08 | 3.61 |
| **8% Reduction** | $40 | 2.70 | 2.82 | 3.05 | 3.57 |

Offeror's Adjusted Claimed Weights II

| Size | Small | Medium | Large | X-Large |
|---|---|---|---|---|
| Weight | 2.76 lbs | 2.88 lbs | 3.11 lbs | 3.65 lbs |
| Reduction | 6% | 6% | 6% | 6% |

**Step 4: Government verifies the weight of each Source Selection Sample finished helmet.**

Next, the government will weigh each of the 94 Source Selection Sample finished helmets, including the 7-pad Retention System and Suspension system, to determine whether the sample helmets are heavier than the claimed weight (as adjusted, if necessary) (M.3.4.2).

Refer to PD Paragraph 4.1.8 for rounding procedures (M.3.4.2).

**Government's Verified Weights**

| Size | Small | Medium | Large | X-Large |
|------|-------|--------|-------|---------|
| Claimed Weight | 2.76 lbs | 2.88 lbs | 3.11 lbs | 3.65 lbs |
| Government Verified Weight | 2.76 lbs | 2.88 lbs | 3.11 lbs | 3.74lbs |

**If any evaluated helmet is heavier than the claimed weight (as adjusted, if necessary), the Government will further adjust the claimed weight to the closest weight in the TEP Adjustment Table associated by size. For X-Large helmets, if the Government verified weight is exactly in between two weights shown on the TEP Adjustment, the Government will adjust the claimed weight down to the next weight shown on the TEP Adjustment Table. (M.3.4.2)**

In the example, the Government verified weight for the X-Large helmet exceeds the Offeror's adjusted claimed weight. The Government verified weight is exactly between two weights shows on the TEP Adjustment Table for X-Large helmets, therefore the Government will adjust the claimed weight down to the next weight show on the TEP Adjustment Table which in this example is 3.72 lbs.

| Size | TEP Adjustment | Small Weight (lbs) | Medium Weight (lbs) | Large Weight (lbs) | X-Large Weight (lbs) |
|------|------|------|------|------|------|
| Unacceptable | N/A | >2.94 | >3.06 | >3.31 | >3.88 |
| Max Acceptable | $0 | 2.94 | 3.06 | 3.31 | 3.88 |
| 1% Reduction | $5 | 2.91 | 3.03 | 3.28 | 3.84 |
| 2% Reduction | $10 | 2.88 | 3.00 | 3.24 | 3.80 |
| 3% Reduction | $15 | 2.85 | 2.97 | 3.21 | 3.76 |
| 4% Reduction | $20 | 2.82 | 2.94 | 3.18 | 3.72 |
| 5% Reduction | $25 | 2.79 | 2.91 | 3.14 | 3.69 |
| 6% Reduction | $30 | 2.76 | 2.88 | 3.11 | 3.65 |
| 7% Reduction | $35 | 2.73 | 2.85 | 3.08 | 3.61 |
| 8% Reduction | $40 | 2.70 | 2.82 | 3.05 | 3.57 |

**In the event the Government verified weights do not achieve the same weight reduction across all sizes, the Government will adjust the Offeror's Government verified claimed weight reduction to the helmet size with the lowest percentage reduction. (M.3.4.2)**

In the example, once the Government Adjusted the claimed weight based on the Government verified weight, the X-Large percentage reduction (4%) was lower than the other sizes (6%). Therefore the Government again adjusted the Offeror's Government verified claimed weight reduction to the helmet size with the lowest percentage reduction – 4%.

### Offeror's Adjusted Claimed Weights III

| Size | Small | Medium | Large | X-Large |
|---|---|---|---|---|
| Weight | 2.82 lbs | 2.94 lbs | 3.18 lbs | 3.72 lbs |
| Reduction | 4% | 4% | 4% | 4% |

## Step 5: The Government establishes a TEP adjustment for the unit price based on percentage reduction.

**Finally, the government will establish a TEP adjustment for the unit price based on the offeror's Government verified claimed weight using Table 7 (M.3.4.2).**

| Size | TEP Adjustment | Small Weight (lbs) | Medium Weight (lbs) | Large Weight (lbs) | X-Large Weight (lbs) |
|------|----------------|--------------------|--------------------|--------------------|----------------------|
| **Unacceptable** | N/A | >2.94 | >3.06 | >3.31 | >3.88 |
| **Max Acceptable** | $0 | 2.94 | 3.06 | 3.31 | 3.88 |
| **1% Reduction** | $5 | 2.91 | 3.03 | 3.28 | 3.84 |
| **2% Reduction** | $10 | 2.88 | 3.00 | 3.24 | 3.80 |
| **3% Reduction** | $15 | 2.85 | 2.97 | 3.21 | 3.76 |
| **4% Reduction** | $20 | 2.82 | 2.94 | 3.18 | 3.72 |
| **5% Reduction** | $25 | 2.79 | 2.91 | 3.14 | 3.69 |
| **6% Reduction** | $30 | 2.76 | 2.88 | 3.11 | 3.65 |
| **7% Reduction** | $35 | 2.73 | 2.85 | 3.08 | 3.61 |
| **8% Reduction** | $40 | 2.70 | 2.82 | 3.05 | 3.57 |

In the example, for VATEP price evaluation purposes only, the Offeror will receive a $20 reduction in unit price for CLIN 0007-Production Helmets

# Step 6: Evaluate Total Proposed Price (TPP) & TEP

| 0007 | Production Helmets | Qty | Unit of Issue | Tariff |
|---|---|---|---|---|
| 0007AA | - Small | 2,921 | each | 3.46% |
| 0007AB | - Medium | 36,037 | each | 42.71% |
| 0007AC | - Large | 41,006 | each | 48.60% |
| 0007AD | - X-Large | 4,412 | each | 5.23% |

**Offerors shall propose step-ladder pricing for CLIN 0007. Offerors may structure their own quantity ranges for quantities of 1-50,000. Offerors shall propose a single blended unit price for all sizes. (L.3.2.4.1)**

Offeror's Proposed Step-Ladder Pricing for CLIN 0007

| Qty | Proposed Unit Price |
|---|---|
| 1-10,000 | $800 |
| 10,001-20,000 | $700 |
| 20,001-50,000 | $600 |

**To evaluate CLIN 0007, which has step ladder pricing, the Government will pre-select a quantity and multiply the step ladder unit price associated with the pre-selected quantity by the pre-selected quantity. The pre-selected quantity will be the same for all Offerors. The government will use the unit prices from a pre-selected Ordering period to calculate the maximum amount for CLINs 0007. (M.3.4.1)**

In this example, the Government has chosen a quantity of 17,000 to evaluate step-ladder pricing.

Calculate Total Proposed Price

| CLIN & Description | Pre-Selected Qty | Proposed Unit Price from Pre-Selected Ordering Period | Total Proposed Price |
|---|---|---|---|
| 0007 Production Helmets | 17,000 | $700 | $11,900,000 |

**To evaluate CLIN 0007, which has step ladder pricing, the Government will use the same pre-selected quantity from the pre-selected ordering period used to calculate the TPP to calculate the TEP. The pre-selected quantity and ordering period will be the same across all Offerors. The Government will calculate the total price for CLIN 0007 by multiplying the reduced unit price associated with the pre-selected quantity. (M.3.4.2)**

Calculate Total Evaluated Price

| CLIN | Qty | U/P Reduction | Evaluation U/P from Pre-Selected Ordering Period | Total Evaluated Price |
|---|---|---|---|---|
| 0007 | 17,000 | -($20) | $680 | **$11,560,000** |

## Summary

# TOTAL PROPOSED PRICE (TPP)

| CLIN | Description | Qty | Unit of Issue | Proposed Unit Price | Proposed Total Price |
|------|-------------|-----|---------------|---------------------|----------------------|
| 0001 | Unfinished Shells | 24 | Each | $700 | $16,800 |
| 0002 | Finished Shells | 171 | Each | $800 | $136,800 |
| 0003 | Finished Helmets w/IRS | 319 | Each | $900 | $287,100 |
| 0004 | FAT NVD Bracket (w/hardware) | 31 | Each | $100 | $3,100 |
| 0005 | ECH FAT Materials | 1 | Lot | $1,000 | $1,000 |
| 0006 | IRS FAT Materials | 1 | Lot | $1,500 | $1,500 |
| 0007 | Production Helmets | 17,000 | Each | $700 | $11,900,000 |
| 0008 | NVD Bracket Kits (w/hardware) | 8438 | Each | $10 | $84,380 |
| 0009 | CDRLs | NSP | | | |
| | | | | **Total** | $12,430,680 |

# TOTAL EVALUATED PRICE (TPP)

| CLIN | Description | Qty | Unit of Issue | Proposed Unit Price | Proposed Total Price |
|---|---|---|---|---|---|
| 120001 | Unfinished Shells | 24 | Each | $700 | $16,800 |
| 0002 | Finished Shells | 171 | Each | $800 | $136,800 |
| 0003 | Finished Helmets w/IRS | 319 | Each | $900 | $287,100 |
| 0004 | FAT NVD Bracket (w/hardware) | 31 | Each | $100 | $3,100 |
| 0005 | ECH FAT Materials | 1 | Lot | $1,000 | $1,000 |
| 0006 | IRS FAT Materials | 1 | Lot | $1,500 | $1,500 |
| 0007 | Production Helmets | 17,000 | Each | $680 | $11,560,000 |
| 0008 | NVD Bracket Kits (w/hardware) | 8438 | Each | $10 | $84,380 |
| 0009 | CDRLs | NSP | | | |
| | | | | **Total** | $12,090,680 |

| Total Proposed Price | Total Evaluated Price | Delta |
|---|---|---|
| $12,430,680 | $12,090,680 | $340,000 |

**The Government will award a contract to the successful offeror in the amount of the TPP (M.3.4.2).**

**The awardee's Government verified claimed weight will be incorporated into the PD and will become the threshold for contract performance (M.3.4.2).**

# **Questions from Industry**

4 total questions received from Industry on VATEP
Pre Solicitation

- 3 out of 14 questions asked prior to solicitation release were related to VATEP

Solicitation

- 1 out of 49 questions asked during the solicitation were related to VATEP

# Presolicitation Questions

Q: After the VATEP evaluation has been conducted, what percentage of weight reduction will offerors be held to?

- Per Section M, the awardee's Government verified claimed weight will be incorporated into the Purchase Description and will become the threshold for contract performance.

Q: Is the evaluation of weight in Price or Technical Factor?

- Per Section M, the Government will evaluate an Offeror's weight as a Go/No Go Criteria. The Government will also evaluate the Offeror's weight under Factor 4 – Price.

Q: What are the dollar values the Government associated with the TEP based on?

- The dollar value represents the value to the Government for the associated weight reduction and is limited by the acceptable level of cost to the Government for the ECH.

# Solicitation Questions

Q; If an offeror submits a bid with four sizes, the measured weight of two of those sizes is 4 percent lighter than the threshold, the measured weight of one size is 5 percent lighter, and the measured weight of one size is 8 percent lighter, and the claimed weights are the same as the measured weights, what will be the weight reduction granted by the Government?

| Size | Percentage Reduction |
|------|----------------------|
| S    | 4%                   |
| M    | 4%                   |
| L    | 5%                   |
| XL   | 8%                   |

Per Section L, the claimed weights should achieve the same percentage of reduction for each size. Per Section M, in the event the Government verified weights (referred to as "measured weight" in the question) do not achieve the same weight reduction across all sizes, the Government will adjust the Offeror's Government verified claimed weight reduction to the helmet size with the lowest percentage reduction. In this scenario, the Government would evaluate the offeror's weight reduction at 4%.

# Lessons Learned

- Engage with stakeholders (e.g. industry, legal, leadership, etc.) early when using a new evaluation process or tool
- Research the tool thoroughly and be prepared to answer questions
- Create a step-by-step sample of the process
- Keep it simple
- Run the hypotheticals
- Document the basis

# Questions?

# Contact Information

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